

Analysis of ICBC

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Abstract. With the development of recent years, China's industry of banking already entered the development level of stable operation, in China's unprecedented changes in a century, the "change" of the banking industry is particularly critical. Based on the company's business strategy, combined with the financial analysis method, SWOT analysis method to comprehensively evaluate the advantages, risks, and business conditions of ICBC, hoping to have a certain practical significance for the future strategic trend of ICBC, and the development of China's banking industry.

Keywords: Financial analysis; Business analysis; SWOT analysis.

1. Introduction

With the development happened in recent years, China's industry of banking already entered a development level of stable operation. After 2003, large government-owned banks and some small and medium-magnitude banks accelerated the speed of bringing in foreign investment. With the mutual efforts of the regulatory department and the banking industry, thanks to the stable progression of the macro economy, the improvement of financial strength of the banking industry, and the risk control ability is steadily improved. Among many banks in China, ICBC of China is undoubtedly one of the most shining "stars".

Industrial and Commercial Bank of China (ICBC) was initiated on January 1, 1984. It is a large government-owned commercial bank in China and a national vice-ministerial unit. The fundamental task of industrial and commercial bank of China is on basis of national laws and regulations, through domestic and foreign financing activities to gather funds that come from society, strengthen credit administration, support the production of corporation and technical alteration, service for China's economic construction in China and dozens of countries and regions, as of today it has nearly 17000 domestic and foreign institutions, covering most of the large and medium-sized cities and major international financial centers, to provide quality services for customers directly. With the development of The Times and the progress of the banking industry, ICBC has continuously improved and improved its services in terms of business process, distribution channels, service mode and product types, and moved towards the goal of building the best service financial enterprise in China.

2. Business Analyses

2.1 Business diagnosis

2.1.1 The business of bank card

One of the largest issuer of credit card in China is ICBC. New products such as Euro credit card promote the construction of business network service system and VIP customer service center; And further strengthen cooperation with international card organizations. Bank cards reduce the circulation of cash and checks, making the banking business break through the limitations of time and space, and fundamental changes. The application of the automatic bank card settlement system makes the dream of a "no check, cashless society" a reality. The development of bank card business is of great significance to the development of social economy, which can save the transaction cost of economic transactions and increase the transparency of transactions. Bank card is the basic carrier of the development of banking business, and the research and development of further bank card varieties is the premise of all bank businesses [1].

Advocate the concept of data culture, and lead the implementation of intelligent risk control with innovative thinking.

2.1.2 The second electronic banking

The leadership in the avenue, products, customers and market brands is retain by E-bank. Telephone banking products and functions are constantly enriched, and the degree of intensification is improved. The total number of telephone bank calls and manual calls increased year by year. In previous years, ICBC won the "China Call Center Special Contribution Award" in the fourth Asia-Pacific Best Call Center selection. Investment in self-service equipment continues to increase, and the self-service banking network is expanding rapidly. At present, the mobile phone palm bank is used more and more, the palm bank is extremely convenient, almost can complete all the banking business in people's daily life, login in a variety of ways, high security performance, fingerprint, can brush face login, can pay living expenses, can loan, financial management. ICBC online banking attaches great importance to efficiency, customers can get the best quality service in the first time [2].

2.1.3 Telephone banking

In the 1990s, ICBC roll out the unified telephone serving the scope of country-wide first, and successfully create a good service reputation of ICBC telephone banking. Whenever and wherever, citizens can easily enjoy a series of convenient, fast, 365-day bank financial services, 24 hours a day, through the phone calls around them.

2.1.4 Corporate finance

The largest corporate bank in China is ICBC, which adheres to the steady development of credit and maintains the status of the first credit bank in China. We will continue to strengthen credit supply to key industries and key regions, actively promote the construction of "green credit", and enrich financing products. We will improve the linkage marketing mechanism of financial products. The scale of bancassurance agency business continues to lead the market, and the business of bancassurance, bancassurance, interbank and financial cooperation institutions has witnessed comprehensive and in-depth development. Company loan business occupies an important position in the bank for many years, more than personal loans, but the proportion is gradually reduced, because the company loan business often no percent of the mortgage, often margin and guarantor guarantee, have a certain risk, and the company loan often amount is larger, more bad control, but the company loan business still occupies the first important position. Interest income from corporate loan business and personal loan business is the most important source of income for banks.

2.1.5 Personal finance

ICBC persist to follow the direction provided by market, customer-centered approach, accelerates business innovation, improves customer service, and strives to build China's "first retail bank". We will continue to focus on maintaining and developing high-quality customers, and promote the coordinated development of savings deposits and various financial services. We will vigorously develop personal loans with personal housing, personal consumption and personal business loans as the main body, and enhance the market value of the "happiness loan" brand. The market proportion of personal loans ranked first. Promote the sales volume of personal finance products to new highs. A number of new shares subscription type, fund selection, overseas financial management and other products have been launched to meet the different needs of individual investors. In recent years, the commercial Banks realize the importance of personal loans, risk is relatively low, basically is by one hundred percent of real estate mortgage, under the state of basically stable, real estate, real estate mortgage risk is relatively small, so the industrial and commercial bank also gradually increased the personal loans, the balance of personal loans accounted for more and more large. The proportion of personal housing loans is becoming more and more important. The purpose of personal housing loans is real, and the balance of loans is getting bigger and bigger. Finally, the situation of personal loans of half the sky has been formed.

ICBC private banking business, the existing products include consulting special account, exclusive financial agency, cross-border investment and financing and family financial management and other types [3]. ICBC personal financial products are now divided into the following categories: cash management category, increase [4].

2.1.6 Financial derivatives

ICBC regards the development of capital business as a strategic focus in promoting business transformation and cultivating future business strength of competing, and the ability to utilize the currency in various market that including both domestic and abroad is augmented chronically. Industrial and commercial bank of China to provide customers with spot sale and other financial derivatives trading foreign exchange trading products and services, at the same time to carry out a variety of domestic and foreign finance and asset and liabilities management business, and provide the customer account gold trading services for individual customers. ICBC has always been the leader of commercial banks [5]. Personal finance services can increase the intermediary business income of ICBC [6].

2.2 Ecological analysis

ICBC has a strong scale, sufficient capital, high brand value, and a reasonable overseas layout, relatively advanced technology, and the rapid growth of cross-border RMB business.

ICBC domestic and foreign institutions are not efficient business docking, resource utilization efficiency is low, overseas business expansion is relatively slow, although overseas assets are large, the overall proportion is small, indicating that the depth of overseas business is shallow; the control of financial risks is weak in the international market. Overseas business development is slow [7]. The Internet drives the rapid development of Internet finance, improves the efficiency of resource allocation, and effectively solves the problem of information asymmetry; the Belt and Road development expands the business scope of ICBC, and establishes a solid customer base. The bank of China industry competition is fierce, the domestic agricultural Bank of China has many outlets, has a strong customer base, the China Construction Bank is the most advanced technological means, the best asset quality, the bank of China's international business system is mature, obvious international advantages, the uncertainty of foreign markets has increased the financial control risk of ICBC.

3. Financial Analyses

Basic earnings per share refers to the weighted average of the outstanding ordinary shares divided by the current net profit of the common shareholders. From 2017 to 2021, ICBC's earnings per share was 0.79 yuan, 0.82 yuan, 0.86 yuan, 0.86 yuan and 0.95 yuan, respectively. According to the data, the earnings per share was steadily increased year by year; in 2020, the epidemic did not affect the company's earnings, and the earnings per share was the same as in 2019.

The ratio of surplus value to total prepaid capital is profit margin. It is the conversion form of residual value rate. From 2017 to 2021, the profit margin of ICBC was 39.57%, 38.61%, 36.63%, 35.99% and 37.15%, respectively, and the profit margin showed a slightly declining trend year by year, but the data is not very different, basically stable.

Return on equity, hereinafter referred to as ROE, is the percentage of the company's after-tax profit divided by net assets. From 2017 to 2021, ICBC's return on equity was 14.01%, 13.27%, 12.64%, 11.84% and 12.00%, respectively. The return on equity showed a slightly downward trend year by year, but the data were not very different and basically stable.

Because ICBC does not comprehensively consider the regional economic development and the financial needs of residents when setting up its branches [8]. ICBC has a strong capital management capacity [9].

It is to point to the company according to the regulation the profit retained after income tax from the total profit, also call after tax profit generally. From 2017 to 2021, the net profit of ICBC was

286.049 billion yuan, 297.676 billion yuan, 312.224 billion yuan, 315.906 billion yuan and 348.338 billion yuan, respectively, which showed a steady upward trend year by year. In 2020, the epidemic did not affect the company's earnings, and the net profit has increased slightly compared with 2019.

Net profit growth rate refers to the growth rate of the current net profit in the previous period. From 2017 to 2021, the net profit growth rate of ICBC was 2.80%, 4.06%, 4.89%, 1.18% and 10.27%, respectively. The net profit growth showed a trend of growth year by year. In 2020, this index was affected, but then increased significantly in 2021.

The realization of the profit target is an effective way for China's commercial banks to improve their international competitiveness [10].

Operating income refers to the income obtained by an enterprise engaged in its main business and other business within a certain period of time. The main operating income of a bank includes: interest income, current interest income of financial institutions, handling fee income, etc. From 2017 to 2021, the operating revenue of ICBC was 726.502 billion yuan, 773.789 billion yuan, 855.428 billion yuan, 882.665 billion yuan and 942.762 billion yuan, respectively. The operating revenue showed a steady upward trend year by year. In 2020, the epidemic did not affect the company's income, and the net profit has increased slightly compared with 2019.

The asset-liability ratio, It is the percentage of the total liabilities and the total assets at the end of the term. The asset-liability ratio of banks below 92% is a normal level. From 2017 to 2021, the asset-liability ratio of ICBC was 91.79%, 91.53%, 91.06%, 91.27% and 90.69%, respectively. The asset-liability ratio was basically around 91% in the past five years, and the data was not much different, which was basically stable.

Cash flow from operating activities, It is the cash flow provided by the gross operating cash flow after deducting the increase in net working capital. It is the main source of enterprise cash and reflects the financial situation of the enterprise. From 2017 to 2021, ICBC's cash flow from operating activities was 770.864 billion yuan, 724.133 billion yuan, 481.24 billion yuan, 1557.616 billion yuan and 360.882 billion yuan, respectively. According to the data, the annual data were different in five years, with great fluctuations.

Cash flow from investment activities refers to the cash flow generated by the purchase and construction of long-term assets (usually refers to more than one year) and the shares excluding the cash equivalent scope and its disposal activities. From 2017 to 2021, ICBC's cash flow of investment activities was -489.258 billion yuan, -731.745 billion yuan, -662.686 billion yuan, -1135.097 billion yuan and -674.556 billion yuan, respectively. Investment cash flow has been negative in the past five years, indicating that the investment income of listed companies is lower than the investment expenditure.

Net cash flow at the end of the term is the cash flow that can be recovered at the end of the project. From 2017 to 2021, ICBC's net cash flow at the end of the period was 75.214 billion yuan, 70.047 billion yuan, 66.035 billion yuan, 64.833 billion yuan and 62.872 billion yuan, respectively. The net cash flow at the end of the past five years has been slightly declining year by year, but the number has basically remained stable and not much year by year.

Non-performing loan refers to the loan that customers fail to repay the principal and interest for more than 90 days, and the borrower delays the loan repayment for three months. Non-performing loan is the risk of the bank's loss, and reducing the balance of non-performing loan to the maximum extent is the first goal of ICBC's risk management. Loans are classified into five levels, divided into normal class, concern class, secondary class, suspicious class, loss class, the latter three types are called non-performing loans, non-performing loans cannot be recovered but have not yet been determined, generally should withdraw the bad debt loss preparation.. From 2017 to 2021, ICBC's non-performing loans were 220.988 billion yuan, 235.084 billion yuan, 240.187 billion yuan, 293.978 billion yuan and 293.429 billion yuan, respectively. In the past five years, the balance of ICBC's non-performing loans has remained basically stable, with no obvious expansion trend, risks are quite controllable, and asset quality is relatively high.

The non-performing loan ratio refers to the ratio of the total amount of non-performing loans of commercial banks to the total amount of total loans, which is one of the important indicators of the security status of the loan assets of commercial banks, which is one of the important indicators to evaluate the safety status of the credit assets of financial institutions. If the total non-performing loan ratio is high, the greater the proportion of the loans that may not be recovered in the total loan. From 2017 to 2021, ICBC's non-performing loan ratio was 1.55%, 1.52%, 1.43%, 1.58% and 1.42%, respectively. In the past five years, the ICBC's non-performing loan ratio was around 1.5%, and the non-performing loans were very well controlled and the risks were controllable.

4. Conclusions

To sum up, the main business indicators basically show that ICBC is a company with certain performance growth. In the long run, ICBC is a company with great investment value, suitable for stable customers. Looking forward to the future, ICBC's personal finance, corporate finance, financial derivatives and other businesses will further expand and improve, and continue to lead the same industry. However, it also faces certain risks. First of all, with the continuous development of domestic Internet financial market, the challenge of traditional commercial banking business is increasingly severe; second, the large proportion of ICBC loan assets property collateral, it is difficult to have a higher increase in the case of high housing prices, so the loan asset quality needs to be further controlled. The opening up of the financial market will gradually expand, and then the impact of foreign banks is also a kind of pressure.

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